



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Addendum #1 to Reclamation Contract

December 14, 2006

McFarland and Hullinger L.C., Coyote Knoll 1-2-3 (2), M0230086, Juab County, Utah

Mr. Sidney K. Hullinger, Manager
McFarland and Hullinger L.C.
Post Office Box 238
Tooele, Utah 84074

Due to recent changes required to the corporate surety bond, the Division has received a bond rider incorporating the change in mine name and specific language revisions. As a result of the issuance of the rider, a review of the information contained in the reclamation contract has required the updates as outlined in the bullets below.

This letter serves as an acknowledgment and approval of the following revisions to the Reclamation Contract:

- **NAME OF MINE:** From Coyote Knoll #'s 1, 2, and 3 to Coyote Knoll 1-2-3 (2);
- **OPERATOR:** From McFarland and Hullinger to McFarland and Hullinger, L.C.;
- **REGISTERED AGENT:** Stephen G. Bunn, 66 West 520 South, Tooele, Utah, 84074
- **OPERATORS OFFICERS:** Fayette McFarland, Manager; Sidney K Hullinger, Manager; James C Groscroft, Member; Stephen G. Bunn, Member;
- **SURETY:** Bond Number 104355548 Attachment B with rider (effective November 27, 2006);
- **SURETY COMPANY:** Travelers Casualty and Surety Company of America;

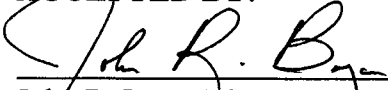
Nothing herein contained shall vary, alter, or extend any other provision or condition of the Reclamation Contract.

To the extent any conflict exists between this letter addendum and the Reclamation Contract, these terms shall control.

Please acknowledge with your signature, make a copy for your records, and return this letter with original signatures to the Division.

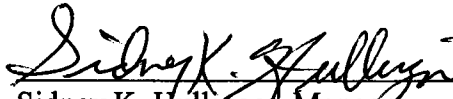
The below signed, acknowledge and accept these revisions and incorporate them into the Reclamation Contract dated October 26, 2004.

ACCEPTED BY:



John R. Baza, Director
Division of Oil, Gas and Mining

12/15/2006
Date



Sidney K. Hullinger, Manager
McFarland and Hullinger, L.C.

12/27/2006
Date

FORM MR-RC
Revised September 2, 2003
RECLAMATION CONTRACT

File Number S/023/086

Effective Date Oct 26, 2004

Other Agency File Number UTU-072898-01

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

OCT 26 2004

RECLAMATION CONTRACT

---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

S/023/086

silica, silver, gold

"MINE LOCATION":

(Name of Mine)
(Description)

Coyote Knoll #'s 1,2, and 3

(UMC 366787 - 366789)

Mine is 20 miles west from the Jericho
junction of highway 50/6 on the Wise Highway
in Juab County, Utah and is located 1.7 miles
north and east of Wise Highway in the NW1/4
of NE1/4 of Section 5, Township T12S Range R6W

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

4.87

(refer to Attachment "A")

"OPERATOR":

(Company or Name)
(Address)

McFarland & Hullinger

Box 238

Tooele, UT 84074

435-882-0103

(Phone)

Fax: 435-882-6911

"OPERATOR'S REGISTERED AGENT":

Name

Sidney K. Hullinger

(Address)

P.O. Box 238

(Phone)

Tooele, UT 84074

(435) 882-0103 Fax#: 435-882-6911

"OPERATOR'S OFFICER(S)":

Stephen G. Bunn, President

Sidney K. Hullinger, Sr. Vice President

James C. Groscost, Secretary/Treasurer

SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Travelers Casualty and Surety Co. of America

Bond #

"SURETY AMOUNT":

(Escalated Dollars)

\$50,000

"ESCALATION YEAR":

2009

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between McFarland & Hullinger, L.C. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/023/086 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received August 10, 2004. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

McFarland & Hullinger L.C.

Operator Name

By Sidney K. Hullinger

Authorized Officer (Typed or Printed)

Sr. Vice President

Authorized Officer - Position

Sidney K. Hullinger
Officer's Signature

Date

10/26/04

STATE OF

Utah

COUNTY OF

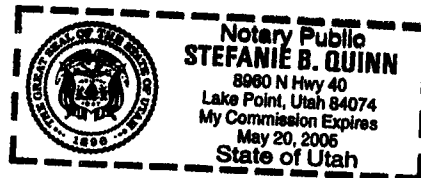
Tooele

) SS:
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On the 26th day of October, 2004, Sidney K. Hullinger
personally appeared before me, who being by me duly sworn did say that he/she is the
Sr. Vice President of McFarland & Hullinger and
duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Sr. Vice President duly acknowledged to me that said
company executed the same.

Stefanie B. Quinn
Notary Public
Residing at Tooele, Utah

May 20, 2005
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton
Lowell P. Braxton, Director

10/26/04
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 26th day of October, 2004, Lowell P Braxton
personally appeared before me, who being duly sworn did say that he, the said
Lowell P Braxton is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: S LC Utah

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

McFarland & Hullinger L. C.
Operator

Coyote Knoll 1,2, and 3
Mine Name

S/023/086
Permit Number

Juab County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 4.87 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Desert Mtn.
Pass Utah and dated 1971 :**

NW 1/4 of NE 1/4 Section 5 T12S R6W
Juab County, Utah

RIDER

Travelers Casualty and Surety Company of America
One Tower Square 3PB, Hartford, CT 06183

To be attached to and form a part of:

Bond No. _____

Type of Bond:

Issued on behalf of McFarland and Hullinger L.C. as Principal, and in favor of State of Utah. Dept. of National Resources as Obligor.

It is agreed that:

1. The Surety hereby gives its consent to the change of the Mine Name:

from: Coyote Knoll 1, 2, & 3

to: Coyote Knoll 1-2-3(2)

Current Language in Attachment B, Surety Bond, Form MR-6

From: The Mining and Reclamation Plan or Notice approved or accepted by the Division of Oil, Gas and Mining on the 28th day of October, 2004 that 4.87 acres of land will be disturbed by mining operation in the State of Utah. A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

To: The Mining and Reclamation plan received Division approval on October 28, 2004. Acreage to be disturbed is identified in Notice of Intention mining and reclamation plan as amended, subject to the terms and conditions of the reclamation contract. A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

2. This rider shall become effective as of 11-27-06

PROVIDED, however, that the liability of the Surety under the attached bond as changed by this Rider shall not be cumulative.

Signed, sealed and dated 11-27-06

Travelers Casualty and Surety Company of America

By: Bette J. Groshaw

Bette J. Groshaw

Attorney-in-Fact

Accepted: _____

Obligor

or

McFarland and Hullinger, L.C.

Principal

By: _____

By: Robert J. Adams, V.P.



WARNI

POWER OF ATTORNEY IS INVALID WITHOUT THE

DER

POWER OF ATTORNEY

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 Seaboard Surety Company
 St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
 St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company

Attorney-In Fact No. 216312

Certificate No. 001168049

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

William R. Moreton, Philip S. Walter, Bette J. Croshaw, Judy A. Parry, and Jonathan M. Jepsen

of the City of Salt Lake City, State of Utah, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 11th day of September, 2006.

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 Seaboard Surety Company
 St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
 St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company



State of Connecticut
 City of Hartford ss.

By:

George W. Thompson
 George W. Thompson, Senior Vice President

On this the 11th day of September, 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
 My Commission expires the 30th day of June, 2011.



Marie C. Tetreault
 Marie C. Tetreault, Notary Public